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Gary L. Ackerman
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COMMITTEE ON
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THE MIDDLE EAST AND SOUTH ASIA
SUBCOMMITTEE ON EAST ASIA
AND THE PACIFIC

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FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS,
INSURANCE AND GOVERNMENT
SPONSORED ENTERPRISES
SUBCOMMITTEE ON FINANCIAL
INSTITUTIONS AND CONSUMER CREDIT

June 20, 2005

Mr. Alan Greenspan
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Require the Clear Disclosure of Credit Card Balance Transfer Fees

Dear Chairman Greenspan:

As a member of the Financial Services Committee, with a long term interest in both the practices of credit card companies and consumer protection, I am very concerned about misleading credit card offers which hide the costs associated with balance transfers. As you proceed with your review of the Regulation Z guidelines and attempt to simplify and improve credit card disclosures, I urge you to amend the current guidelines to require credit card solicitations to present consumers with a clear, consistent, comparable and obvious calculation of the actual cost of borrowing, particularly in any introductory period.

Of particular concern to me are card offers that encourage the transfer of high-rate balances boldly describing a low introductory Annual Percentage Rate ("APR") (or "Come on Rate"), but without clearly indicating all of the costs that would apply to such transfers during the introductory period. These offers lead consumers to believe that the introductory APR is the only cost associated with the balance transfer. On the bottom or the back of the applications, however, these offers often disclose (actually hide) in extremely fine print additional balance transfer fees, high flat fees, a percentage transaction fee of the transferred balance, or fees associated with future balance transfers, costs that would ultimately negate the value of the advertised introductory interest rate.

I am writing to request that Regulation Z be amended to require credit card solicitations featuring an introductory APR in connection with a balance transfer, to disclose, in a clear, conspicuous and prominent manner on the front side of the solicitation, or in close proximity to any alleged savings, a single, comprehensive introductory period APR that incorporates the full total of the interest rate applied during the introductory period, and includes in that total any fees or charges, and any interest rates associated with the balance transfer during that introductory period. In short, one comprehensive introductory rate should be easily comparable to any other comprehensive introductory rate just by looking at the front page of the two offers. I understand this disclosure standard is currently required for lenders advertising mortgages.

I appreciate the opportunity to comment on this proposed rule, and I look forward to receiving your comments.

Sincerely,

Gary L Ackerman

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